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Indianapolis and Philadelphia Reveal Real Republican Party

The conviction of Mayor L. Duvall of Indianapolis of the crime of bartering public offices for cash and promises of political support gives the American public the first authentic glimpse of a condition of political corruption almost unbelievable in its rottenness.

Some of the facts brought out by the trial and verdict are here given.

John L. Duvall, Republican candidate for mayor of Indianapolis, was paid \$14,500 and given promises of secret political support by William H. Armitage, saloon keeper and gambler, political boss and purveyor of contracts for city improvements for private profit.

One of the considerations offered by the prospective mayor for this money was the appointment of two members of the board of public works and the city engineer named by Armitage. These appointments would give Armitage control of the dispensation of contracts for public improvements. They would give him access to the city treasury. They would open the way to the wholesale looting of Indianapolis by as venal and unconscionable band of pirates as ever scuttled a ship.

John L. Duvall sold the Indianapolis city treasury to bootleggers, gamblers and ward heelers

for \$14,500 and a chance to become mayor of the city.

When he became mayor he discovered that he could not deliver the goods. He tried to pacify his fellow bandits and conspirators by returning the money. But he couldn't go straight even in this little elementary act of "safety first." He couldn't refrain from stealing from the other thieves \$2,500, which led to his downfall.

Despite the fact that Judge C. C. Shirley tried to confine the evidence to this one charge and deal, evidence leaked out of widespread rottenness and corruption almost beyond belief.

Members of the Ku Klux Klan, including a clergyman testified that Duvall promised to deliver to the Klan 85 per cent of the appointments to city offices and that at a Klan meeting in a church with upraised hands he took solemn oath to this effect, and swore to carry out the Klan program. He sold in secret the rights of the citizens of Indianapolis. He secretly delivered the people into the hands of a political monopoly controlled by outlawry, savagery and bigotry.

While he was selling the city treasury to professional looters, he was attempting to win the vote of the honest people by denouncing these looters in public.

While he was binding himself as a secret Klan member by solemn oath to obligations that would shut the people out from participation in their own government, he was attempting to win these betrayed and victimized people to his support by publicly proclaiming himself the champion of popular government. Essential dishonesty, treachery and treason cannot go further than this.

This exposure of one of the Republican and Klan politicians of Indiana, is only a beginning of revelations started by the convicted rapist and former head of the Ku Klux Klan, O. C. Stephenson. Governor Jackson's turn is to come next. Other high "public servants" will be tried after that. Already practically every high politician in Indiana and representative of Indiana in Congress and the Senate has become a suspicious character.

The self-advertised patriot, Puritan Senator Watson, and Senator Robinson have not succeeded in clearing themselves from strong and honest suspicions of trying to influence the supreme court of Indiana in case of the Dr. Shumakoff case, who was convicted of contempt by that court. The fact that Senator Watson knowing fully of the rottenness and lawlessness of the Klan, accepted its political support, has been fully demonstrated. He would rather be senator than be right. His latest expression throws startling light on the caliber of this man. A few days ago he boasted with visible satisfaction that Indiana would go Republican despite the Ku Klux Klan revelations.

This is a most damning admission of the general character of the Republican Party and of average Republican voters. Senator Watson is sure that anything can be done by Republican politicians, no matter how venal and treasonable and the Republican voters will go right on supporting their crooked and treacherous leaders. The tragic thing about this statement is that it is literally true. Whatever liberty and democracy survives in this country; whatever public integrity remains, is threatened by this appalling fact.

This condition is not confined to Indiana. Indiana and a few other states merely have been exposed. Just as startling is the latest revelation of the condition of Republican voter in Philadelphia. Here a city election has just been held and Vare, whose corrupt and crooked practices in his fight for election as Senator were fully exposed, was overwhelmingly endorsed by the voters.

To deal with such a serious situation as this, we will have to go deeper than such traitorous and venal organizations as the Republican Party. These are only products of the present system of government by private interests. The only thing that can save us is the abolition of the whole system of government by private interests.

From The Pen Of Debs (Compiled by Theodore Debs)

Labor Vs. Capitalist Preparedness


(The following article, written long before the militaristic O'Brien resolution was passed by the Illinois State Federation of Labor, is Debs' own answer to all attempts to catch the organized workers in military traps prepared and sprung by their deadly enemies.)

There are two kinds of "preparedness" growing out of the necessities of the two economic classes to be served.

Plutocratic preparedness is military; proletarian preparedness industrial. The one calls for guns and makes for despotism, the other for education and makes for freedom. The one sheds blood and the other light.

The owning class that does not produce depends upon force to protect what it has stolen. The producing class that does not own depends upon education, unity, solidarity to recover what it has been robbed of, and to shape society for the promotion of the common happiness.

The owning class wants war but do not fight. The producing class fight but do not want war.

The more owning class preparedness in the form of armies and navies, machine guns and shrapnel, the more hopeless the condition of the enslaved masses. The more working class preparedness in the form of education, enlightenment, class-consciousness, industrial and political organization, the nearer the day of deliverance.

Let the capitalists furnish their own preparedness and let us of the working class use every particle of our energy in preparing our forces for the overthrow of capitalism and for our own emancipation.

Debs Radio Station Will Be Different

(From The Chicago Tribune)
Preliminary to the dedication of station WEVD at Woodhaven, Long Island, N. Y., which will begin operations Oct. 1 as a memorial to the late Eugene V. Debs, socialist leader, G. August Gerber, director of the station, has been in Washington conferring with federal officials.

"Our programs will be entirely different from the others, and I believe, as constructive as anything yet heard in New York City," said Mr. Gerber, discussing his plans. "A radio extension university, the curriculum of which will include English, civics, citizenship, history, and politics, will be undertaken."

"However, the people who think we are simply going to put on a lot of talk will be very much mistaken. Light entertainment will be introduced into the programs, as time allows permits. The station will be operated not only for the entertainment of its listeners, but also for their improvement and benefit. WEVD will be a unique station."

Matteotti Memorial Unveiled in Brussels

BRUSSELS, Belgium.—The Matteotti Memorial, commemorating the heroism and supreme sacrifice of Matteotti, former Socialist member of the Italian Chamber of Deputies, who gave his life in an effort to expose the monstrous crimes of Mussolini and his fascist followers, was unveiled at a great meeting in the Maison du Peuple, cooperative building owned by the Brussels workers, where it will stand as a great tribute and symbol to the Italian comrade martyred.

The memorial was erected by the Labor and Socialist International, which gathered gifts for this purpose from every country in the world. The monument is carved in white Vosges sandstone and forms a half-relief in the middle of which a pillar rises bearing a flaming heart. There are standing against the pillar and leaning on it a mourning workingman and working woman with bowed heads.

The column bears the same inscription in Flemish and Italian a medallion is inserted portraying a half-relief of Matteotti.

Among the speakers on this historic occasion were Arthur Henderson, president of the International Socialist Deputy Van Rossem of Belgium and Filippo Turati, Italian Socialist leader, former member of the Chamber of Deputies and co-worker with Matteotti, and at present a refugee from fascist terrorism.

Required Quick Work

"They required the rapid construction of roads and railways to enable them to compete successfully against the Canadian Sugar Co., which had large concessions as well as the Canadian company, operating through the Royal Bank of Canada, had to pay for its labor. The Americans used convict labor. Marines with fixed bayonets acted as warders, and Negroes were flogged and confined in dark cells for the smallest offense. Women worked on the roads with men."

"The government allowed 30 cents

per day for the rationing of each prisoner. Actually they were fed on 7 cents. The American officers got the rest."

Lord Chief Justice Hewart of England, adjoined the American Bar Association in Buffalo to "guard liberty" in this country. That is just exactly what is the matter with the United States. We have had lot of corporation lawyers guarding liberty and making laws for us.

Factory Jobs Slump

From June to July, 1927, employment in manufacturing industries decreased 2 per cent, reports the U. S. Department of Labor. Pay roll total decreased 4.5 per cent.

OUR PURPOSE
Is to teach Socialism and organize the people politically and industrially to bring Socialism.

War and Peace Issue Nearing Great International Showdown

Every present indication points to a vital contest between the forces of war and peace during the remaining months of 1927.

A gate toward PEACE has been opened by the League of Nations, but other gates have been opened within the past few weeks toward WAR by Great Britain, Italy, Japan and other countries.

The assembly of the league of nations unanimously adopted the Polish proposal for the outlawry of war.

The resolution prohibits aggressive warfare and makes arbitration of dispute compulsory.

The convention passed another resolution, also unanimously, asking the league's special commission to make a new attempt to reach an agreement.

A few days prior to the passage of the resolution the powers connected with the League of Nations agreed to unite on calling a world disarmament conference.

The various proposals of the League looking toward peace that have been adopted within the past few weeks constitute on the whole the first serious attempt of this body to carry out the peace program upon which its existence was based.

Considering the farcical outcome of all previous attempts to reach an agreement of any kind looking toward peace and the quick blow up of the so-called Locarno pact as a result of the ingrained imperialism and militarism of the great powers, there would be little hope that the present peace drive would lead to anything definite were it not for a significant recent development.

The present peace proposals represent an expression to a large extent of a series of victories in the League by the smaller nations and against the great powers that have held the world in bondage since the World War. For the first time in the history of the League of Nations the small powers have worked together with such will and unity that the great powers have yielded ground to their wishes. The small powers represent quite a different viewpoint internationally than the great powers. They have no hope of any kind of national defense that would prove effective in case of war. They are forced to rely on a peaceful world for protection, rather than on armies and navies. They are directly interested on account of their military weakness in building up a peaceful world. It is the small nations now, especially those nations in which the workers are powerful politically, that are now taking anti-war vows with each other. Should these nations become a real factor in the fight between WAR and PEACE, the world will see a real beginning toward peace.

Another new peace factor that has made itself felt in the League of Nations for the first time is the nations that were DISARMED as a result of the World War. Germany is the most prominent type of this kind. These nations represent a new DISARMAMENT interest. The disarmed nations are for the disarmament of other nations as a matter of mere self-preservation. It is not outside the realms of possibility that they represent the beginning of the disarmament process in the modern world. With the release of these new forces it is not impossible that the world may see some real beginning in the march toward peace in 1927.

It is well, however, to be on guard. The great powers that are deeply involved in processes of imperialism and war have made some exceedingly dangerous recent moves.

While the policies of the League of Nations seem to be responding more and more to the viewpoint of the smaller and the disarmed nations, the real powers that own and dominate three-fourths of the world, and hold its fate in the hollow of their hands, are still arming with all the latest devilish instruments of wholesale destruction that science can devise.

Great Britain less than two weeks ago served notice on the League that the new policies were aimed against the British empire and that Great Britain would sign no more peace agreements.

Italy is now involved in some of her most sinister intrigues in Greece and Lithuania in the extension of the fascist international, an utterly barbarous and savage system wholly unamenable to law and civilization, and division of Turkey, solely because they want her territories and wealth. Japan is buying immense quantities of arms in Europe with which to conquer and seize Manchuria. But most sinister of all is the new agreement revealed between Great Britain and France to form an anti-Communist cordon around Russia for the common defense of the British and French colonies against Russia. France and Russia, as a result, are near a break, and the scheme of the British imperialists to build up a world combination of capitalist governments and strangle Russia has advanced one more dangerous step toward culmination.

The whip of WAR is still in the hands of the great imperialist powers, but the entry of the weak and disarmed nations as a new organized factor has slightly changed the situation and raised a new defense of civilization and progress.

DEADLY PARALLEL—BRITISH AND AMERICAN IMPERIALISM

British Unions Maintain Their Socialist Stand

The American Way

LONDON.—The Daily Herald here publishes an interview with James Norman Smith, former United States provost marshal in Haiti, who gives the following account of conditions under the rule of American marines:

"After serving with the Canadians during the war, I joined the United States secret service in 1919, and was sent on special duty to Haiti at the beginning of the following year.

"When I arrived, there were no jails on the island and no roads. When I had presented a report on the condition of the island and of the native population, Gen. Smedley Butler with 2,000 United States marines (now at Shanghai) was sent to begin construction work.

Natives Are Kidnapped

"Ex-service men, among them several Englishmen, were appointed district judges." Smith went on. "We were instructed to set about the task of impressing native labor. The natives add, "There are probably few people who know that slavery still exists in a protectorate which has been under British rule for 30 years."

Violate Good Laws

Although some of the British authorities in Sierra Leone made desperate attempts to mitigate or abolish slavery and although only last year an ordinance was passed permitting slaves to buy their freedom, forbidding the import of slaves, and setting the children of slaves free, the owners recaptured runaway slaves.

When these owners were accused of assault, they appealed to the supreme court, which reversed the decision of the lower courts and declared slavery still legal.

One dissenting judge admitted that slavery had not been abolished and that the law still recognized slavery as a valid institution. But to allow a man to recapture a runaway slave, equity and good conscience, he argued.

Perver Law Intent

The Guardian thinks that this case will become historical for British justice, because it revives slavery as a legal status while pretending to abolish it gradually.

This is due to the fact that the lawmakers wanted to avoid a sudden break in the customs of the country and continued slavery by tolerance although mitigating it as a legal status.

In the case of Sierra Leone, however, steps to abolish slavery have been very slow. If the supreme court now argues that the law does not seek to end slavery, but merely to modify it as a system of property, slavery is given a new lease.

"But it cannot stand as British law," The Guardian declares. "The league of nations is engaged in the task of suppressing slavery. With what face could we take our share in such a crime?"

"The government allowed 30 cents per day for the rationing of each prisoner. Actually they were fed on 7 cents. The American officers got the rest."

Lord Chief Justice Hewart of England, adjoined the American Bar Association in Buffalo to "guard liberty" in this country. That is just exactly what is the matter with the United States. We have had lot of corporation lawyers guarding liberty and making laws for us.

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From June to July, 1927, employment in manufacturing industries decreased 2 per cent, reports the U. S. Department of Labor. Pay roll total decreased 4.5 per cent.

We are having overproduction of coal in America during a national strike of the soft coal miners which has closed all the bituminous union mines. Here is something for the union man to think about. Labor must use its political arm as well as its industrial to meet the new situation that has arisen in this country.

War Devours Three-Fifths of World's Government Income

Arthur G. Enoch, a British engineering authority with a weakness for statistics, announces that nearly three-fifths of the public income of the world in the first 20 years of this century was spent for war and armaments. In that period the 11 principal countries put \$307,670,550,000 into war and armaments, and \$231,245,713,185 into all other forms of expenditure.

Even in 1924 he reports that expenditures for war purposes were 50 per cent of the total outlay.

In the same period, the combined national debts of these powers rose from \$20,000,000,000 to \$265,000,000,000.

NEWS AND VIEWS

Dwight Morrow As Mexican Ambassador

Before the war the magnates, who then owned the country industrially and politically, kept in the background because there was a strong popular prejudice against direct government by the industrial owners of America. One of the most significant developments of today is the cool manner in which these magnates are now assuming public office and taking political charge of us. Dwight Morrow of the firm of Morgan and company and Wall Street's political adviser of Coolidge has just been appointed American Ambassador to Mexico. A big financier has been made judge and arbiter—the issue of peace and war has been placed in his hands—in connection with the settlement of questions in which his own private property and the private property of his associates are vitally involved. Dwight Morrow can send us to war with Mexico, if he is threatened with private loss. Such a situation would have been impossible before the World War, but after numerous exhibitions of the dumb foolishness of American voters in Pennsylvania, Illinois, Indiana and 45 other states, the magnates believe they can do anything and get away with it.

Andrew Mellon Picks The Next President

The magnates have grown so bold that they not only openly rule us and choose our political bosses, but they make us say we like it. Andrew Mellon, Secretary of the Treasury, and one of the richest men and most flagrant anti-trust law violators in the nation, is not even going to give us the satisfaction of this, as we will choose the president. In lieu of Coolidge's refusal, which, however, may be a fake, he has selected Hughes. Mellon controls the Pennsylvania banks in financial and political posts to make the poor state Hughes. It will either be Hughes, or some one else Mellon wants. The people will have nothing to say about it, although millions of them are still mutinous enough to think they will have a hand in this exclusive game of millionaires.

Helping the Owners to Own Us

It is interesting to watch how the non-producing parasite classes are acquiring ownership of everything worth owning in the country at a rate that challenges the imagination. For instance, the private insurance companies have \$4,152,000,000 worth of stocks and bonds.

The total of investments of the companies in such securities is constantly increasing. About a year ago the companies owned \$3,847,000,000 of stocks and bonds and the year prior the total was \$3,663,000,000. In 1924 it was \$3,428,000,000 and in 1925 it was \$3,227,000,000.

The present holdings include \$2,234,000,000 worth of the securities of steam railways and this amount represents 52 per cent of the total ownership of the companies in stocks and bonds. It is the largest single group of such securities held by them. Government bonds rank second, and total \$220,000,000, or about 22.5 per cent of the whole.

Obligations of public utilities are also favored as investments by the companies, which now own approximately \$450,000,000 worth of such bonds.

In other words, insurance companies are gobbling industries and public utilities at the rate of several hundred millions a year. They are doing it with the money paid by the people for policies. In the same way, but at a much more rapid rate the banks are gaining possession of industries with the money deposited by the people. Not that it makes any difference to the workers and real producers whether industry is owned by industrial capitalists, bankers or insurance companies, since the same profit system would exist under any or all these forms of ownership, and the worker would pay the full profit, rent and interest charges, no matter who the owners were, but the point we wish to make is that under the present system the fool people furnish the money with which to dispossess and pauperize themselves! The only way they can stop this kind of foolishness is to publicly own and democratically operate the banks, insurance system and industries.

The Patriotism of Big Business

Reactionary Big Business is the foundation of the "patriotism" movement of American. The trick of the plutocrat is to wrap the Klan around himself and his business and his interests into foreign countries and try to place every body whom objects to his oppressive system in the false light of enemies of the flag and government. Thus he exploits patriotism and turns it into "patriotism."

When put to any real test, these "patriots" become "patriots." One of the latest examples of this is the conduct of Big Business in the effort to build up an American merchant marine. It has been shown time and again that a larger trading fleet owned by America, or at least by Americans, is essential in time of war as part of the national defense, and part of the necessary equipment to win the war. The building up of an American merchant marine has been made a patriotic issue.

There are two ways to build up the American merchant marine: build up an American merchant fleet owned by American private interests, or build up one owned by Uncle Sam. No one will deny that of the two the one that would serve the best in the war time would be the one owned outright by the government. The conduct of our "patriots" toward such a possible fleet is illuminating. We had such a large government-owned fleet handed to us on a platter as a result of crises in industry and the American workers begin to learn that the only safe dependence

Coolidge administration and the chief offender in it, President Coolidge, has done nothing but attempt to sabotage, cripple and give this fleet to private interests. Through their scheming and dishonest methods they have permitted the great part of it to either deteriorate and decay beyond repair, through deliberate disuse, and have given the best part of it to private interest for an incredibly small fraction of the cost of construction. There has been no bone made about why this was done. It has been blatantly admitted all along that this great fleet of the people was being ditched to prevent government competition with private enterprises—to preserve private profits at the expense of the people.

Coolidge and his administration would rather see a large government-owned merchant marine destroyed than to see private shipping interests, most of which belonged to a vicious monopoly, deprived of some of their profits.

In the meantime, while the Coolidge-Big Business alliance was destroying a merchant marine directly owned by the people, private enterprise as the builder and operator of a merchant marine failed miserably. In other words, Coolidge and big business have been destroying the publicly-owned merchant marine despite the fact that they are depriving the country of one entire in the face of the failure of private business to build a substitute.

The worst charges that have ever been hurled against so-called "reds," "bulldogs" and "radical enemies of the government" are not so bad as basely injurious to the country, as essentially unpatriotic, as the action of Coolidge and his plutocratic colleagues.

Here is further light on the reason private enterprise, as it exists in America today, cannot build up an American merchant marine. Senator Barand of Louisiana, proved seven years ago that the radical companies were linked with foreign shipping companies. They are so linked now and have been diverting the trade of the country to foreign ships while all this agitation has been going on for an American merchant marine. Practically all of the east and west trunk lines are pledged to patronize foreign vessels and to grant special favors, such as reduced coal charges, wharfage and other expenses, because by this arrangement they can make bigger profits!

Miners Fighting for A Civilized Existence

The strike of the soft coal miners, which bids fair soon to be one of the longest strikes in American history, is for the conservation of a basic wage based on the Jackson scale, which amounts to \$7.50 a day when the miners have work, which is only about half the time.

A splendid explanation and justification of this wage was recently broadcast from Station WCFI, owned by the Chicago Federation of Labor by A. C. Lewis, chief counsel for the Illinois miners.

"The miners' basic wage of \$7.50 per day is not unreasonable," he said. "It is less than is paid the carpenter, the brickmason, the plasterer and a dozen other crafts. And yet the miner's work is skilled. Before he can dig coal he must pass an examination conducted by an Illinois State Board. His hours are long, his work hard and performed in darkness, except for the light he carries on his cap. His is a hazardous occupation. He is in constant danger from speeding motors, falling rock and exploding gas. There were 165 fatal accidents and 3,012 non-fatal accidents in Illinois mines last year. Where else do you find such a heavy casualty in industry?

"The miner's work is reasonable. He does not have steady employment. In 1926 he averaged 155 days a year, scattered over the year, at the rate of two and three days a week. On the basis of this, his annual wage is \$1,175."

Is it reasonable to ask one to live for less?

"The labor cost of coal is less than \$1 a ton. You pay \$5, \$6, \$7 and even \$8 a ton, but the miner who risks life and limb receives less than \$1 for his work. Do you object to paying that? Don't you want every man to receive a living wage for the work he does for you?"

Public vs. Private Old Age Pensions

Employers' pensions, as compared with federal or state pensions to workers, received severe blows during the week from high authorities.

The "durability and soundness of these schemes are not proved beyond doubt," says H. B. Butler, deputy director of the International Labor Office.

The hardest blow dealt this system is a report by the Pennsylvania Commission on Old Age Pensions, which was created by the legislature of that State.

"As pension obligations are now carried," the report says, "the commission can not help concluding that unless our present business prosperity continues indefinitely without a setback, public or charitable agencies will be forced in the long run to assume the maintenance of many thousands of workers whose employers had led them to expect that they would be granted pensions in their old age."

Many of the heads of the big industrial corporations who were among the first to adopt pension provisions of their own are now among the most outspoken critics of current pension method."

The baneful effects of employers' pensions and welfare work has been pointed out by Abraham Epstein, head of the old age pension movement in America in powerful articles in former issues of the Appeal. Mr. Epstein shows conclusively that the American workers have been weaned away from independent political action more by this process than by any other cause. When this bubble bursts as a result of crises in industry and the American workers begin to learn that the only safe dependence

for pensions and real protection in industry in the government, they will develop a social consciousness and will begin to fight as citizens in the political field for their rights as workers.

American Legion Is Shown Up

The members of the American Legion are having a good chance to see just what the progressive elements of Europe think of them. The Workers and Farmers Federation of War Wounded and Former Combatants refused to participate in the welcome of the Legion to France. The reason they offered is illuminating. Their statement said:

"We thought at first the American Legion was the defender of justice and peace, but at the beginning of the Sacco-Vanzetti affair we began to find otherwise." The statement said:

"We learned that the Legion did not limit its activities to the material and moral interest of former soldiers, but also mixed in politics, always taking the side of big business to the detriment of the laboring classes. We were horrified to learn that it actually brought pressure on Gov. Alvan Fuller of Massachusetts to assure the execution of Bartolomeo Vanzetti and Nicola Sacco, even assuring him support in case of a popular uprising."

This is a good description of the element that dominates the American Legion and fixes its policies. We are glad millions of progressive ex-soldiers in Europe are getting wise to them.

Fascist International

The fascist international continues to spread. The latest extension is the championship of Pangalos, the deposed dictator of Greece by Mussolini. This black hearted monster, Mussolini, is aiding in throttling the people and assisting despots wherever he can. In the meantime, Pilsudski is getting constantly nearer Mussolini's position. His latest act is the dissolution of the Polish parliament by force of arms. In the meantime "capitalistic democracies" like the present governments of England, France, Germany, and the United States prevent the workers from taking any steps to defend themselves against this dreadful menace. They are warning on the workers—on all truly democratic elements—and attempting to make them increasingly defenseless. The so-called "democracy" of the United States and Western Europe are fulfilling exactly the same role as that of the former police and army system of Italy, who kept the workers in line while Mussolini and his savage armed hordes broke up their movements and enslaved them. The most vicious and dangerous thing in the world today outside of fascism is capitalism calling itself democracy.

The League of nations will remain a failure so long as private profit is the legal basis of human life.

The tariff and arbitration pact, so far concluded, are delusions, as every day proves.

Such facts will become effective peace instruments only to the extent that Labor and Socialist governments can take office and cut off the roots of domestic and international wars by eliminating the private profit motive.

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Municipal Electricity Succeeds in Los Angeles

City-Owned System Cuts Price in Two, Gives Better Service and Produces Millions in Revenues

Harry W. Laidler

If public operation always a failure? This is the assumption of many good citizens who have been brought up on the propaganda of our daily newspapers and of the chatty leaflets from the telephone and electrical industries. When you get down to "cases," however, these victims of private corporation propaganda generally lose out. For there are many examples of successful public operation where the evidence of success is overwhelming. One of these cases is in the operation of the electrical plant by the municipality of Los Angeles.

Shortly after 1900, finding that Los Angeles was without a sufficient supply of water, citizens of the city decided to construct the now famous Owens River Aqueduct and bring the water from the mountain ranges 250 miles away. The city obtained from the federal government the right to the water and power needed by the proposed aqueduct. Construction began in 1907 and the aqueduct was completed six years thereafter.

From the intake in the mountains

to Los Angeles, the aqueduct, in its path through three mountain ranges, had a total fall of 3,800 feet. It occurred to the citizens that this fall presented an exceptional opportunity for the generation of hydro-electric energy under municipal auspices and the distribution of electrical energy to the people at cost. So in 1904, against the bitter opposition of private power interests, the Los Angeles public voted bonds looking toward the preliminary construction of hydro-electric plants and the utilization of the 100,000 odd horsepower available along the line of the aqueduct.

Takes Over Whole System

Another contest between public and private interests followed over the question as to whether electrical energy generated at the public plant should be wholesaled to the Southern Edison Company and retailed by the ultimate consumer or whether the city should distribute as well as generate it. The municipality, however, decided to try its hand at distribution and in 1916 actually sold electricity and power to its residents.

In 1919, the citizens' went further

and voted a bond issue for the purchase of the Southern Edison Company's plant within the city's limits. This matter was held up in the court, but finally, in 1922, the city purchased the plant and since that time has been operating it as a public venture. It now supplies more than two-thirds of the electricity purchased by domestic consumers and over ninety per cent of the power used in the city's industries. At present the municipality is considering the purchase of the remaining private electric company in the city.

Municipal ownership in Los Angeles has led, directly and indirectly, to greatly reduced rates. Before

public operation, in early 1910, the private companies were charging 9 cents per kilowatt hour for domestic lighting. Agitation for public ownership and the action of the Public Utilities Board forced several reductions.

Big Price Cuts

When the city took over the Southern Edison Company's plant in 1922 it had 117,000 customers of that company paying from 6.2 cents per kilowatt hour. It immediately reduced

this rate to 5.6 cents, thus losing a saving on the part of the consumer of \$600,000 a year. The remaining private company, in an attempt to meet these rates, also reduced their charges, thus making an additional saving of \$400,000.

In June, 1927, a revised schedule was adopted, on account of the increasing surplus arising from the 5.6 cents rate, and the domestic lighting rates were reduced from 5.6 to 5 cents. The combination cooking, heating and lighting rates were also lowered from 4 cents to 2 cents per kilowatt hour.

In 1919, while the Los Angeles consumers were paying a 5.6 cents lighting rate, electrical consumers just outside the city limits were paying 7 cents for similar service. In 1920 the rates jumped to 9 cents, although in 1922 and 1923, reductions were forced by the State Railroad Board to 6.5 cents. The Bulletin of the Municipal League of Los Angeles maintains: "As a result of the Power Bureau's record of establishing and maintaining low electric rates in Los Angeles, since its inception, the electric consumers of this city actually

have paid \$32,300,000 less for their services than they would have paid had they been receiving service from the private power companies under the rates charged in the communities just outside the Los Angeles city limits." (See issue of August 31, 1927.)

Saves People Millions

The audit of the Bureau's books by Price, Waterhouse and Company indicated that, despite these low rates, the department had piled up a surplus of \$12,210,477.97 up to June 30, 1925, while the net income for the year ending June 30, 1926, after paying the costs of operation and maintenance, and setting aside an amount sufficient for depreciation and interest on bonds, amounted to \$2,726,152.36. (Professor Dykstra asserts that it would require about one-third of the surplus to pay taxes according to what a privately owned utility would pay with the same business.) Part of this surplus was being used for extension and improvement of the service and part for amortizing the bonds.

Professor C. A. Dykstra recently declared that, were the Los Angeles

Public Ownership Superior

Professor Dykstra, as a result of the Los Angeles experience, concludes, among other things, that municipal ownership of light and power in large cities makes possible the establishment of projects look far into the future which private capital cannot reasonably undertake. It means "simplicity of organization, elimination of stock-selling, propaganda and minimizing of general expenses." This is true more of greater effectiveness of organization with lower costs of construction and operation, and, because of the no credit, less cost of money." It means, he continues, local control by those immediately interested in providing service, as well as local finance. Finally it stimulates citizen interest in public affairs.

The case of Los Angeles should stimulate the advocates of public ownership in the fight between the great power interests and the people over the development of Muscle Shoals and Boulder Dam—a fight which will be continued this winter in our legislative halls.

Farmers and Workers Discuss Remedies for Bad Conditions

Editor's Note

Undoubtedly, as Mr. Zachary points out in this article, taxation as it operates today is one of the big factors that is ruining the farmers. We commend for careful consideration his remedy—the raising of government revenue through the public ownership of public utilities. If the public owned and operated all really public utilities it could produce from these revenues enough to run the government without taxes.

A Tax Is Legalized Confiscation

James W. Zachary
(Goodwater Ranch, Winifred, Montana)

In the gold cladded press of the nation much has been said against subsidizing the farmer and little or nothing said about penalizing them. Most farmers themselves do not seem to understand the way they are penalized into poverty.

Agriculture is wrecked by taxation and taxation exists in two virulent forms: Direct taxes and indirect taxes. A direct tax is a rate per cent levy made under the law against all chattels and real estate. This form of taxation always catches the farmer for a disproportionate share in government revenue because his values are chiefly tangible and impossible of concealment—the open prey of the tax collector.

Indirect taxes are wrenches from the farmers in the form of high interest rates for the use of cash and credit, high transportation charges and high middlemen merchant commissions on the commodities which farmers export or import for sale or use. In each case the commission and freight rates are added to the cost price and paid by the farmer who also through interest drawing mortgages furnishes the capital to a bank the bank lending credit paper like a strength of which the farmer does ninety-five per cent of all his business.

The loss to farmers through indirect taxation is many times the loss of direct taxes. There would be no necessity for direct taxes unless anybody or anything, if the government owned the public utilities and the net profits from indirect taxes paid by agriculture in proportion to what belonged to the county, state and national treasuries instead of fat belled financial pirates.

There are three economic devils that curse the world with all its economic woe and spiritual degradation. They are Commodity Money, Private Usury, and Property Taxation. Their trail is a trail of grief, blood, plunder and war all down the ages of human history. They are wrong in principle, vicious in policy and war-breeding in practice. There will be none of them in the new-born age in which government revenues will be derived from the net profits on per se government owned public utilities.

Commodity money, whether gold, silver or copper, is the doctrine of government price fixation of commodity value through means of certain mintage laws—laws which enable the holder of money bullion metal to say to any would be purchaser: "If you don't pay me the mintage price I will ship the metal to the mint, have it coined into dollars and then when you want to pay my debts." Hence it is a fact that gold money, manufactured out of an almost worthless commodity, is the doctrine of special privilege gone to seed.

Private usury is a private "rake off" on a social product, which is also a public utility. The wonder is that our super statesmen do not turn over to private banks the control and manipulation of the socialist postage stamp, so banks can take a private rake off on each stamp before it can accomplish the exchange of knowledge through letters, just as money and usury accomplishes the exchange of commodities through trade.

Taxation is legalized confiscation and our forbears who threw the tea overboard and shouted that "Taxation without representation is tyranny" should have shouted and transmitted the heritage to their children and are this had us all shouting: "That any form of taxation upon private property is wrong in principle, vicious in policy and war breeding in practice."

Commodity money, private usury and Property Taxation are the heart,

and life of the capitalistic system. They were born together. In them together they must die. In the name of the coronated Christ they must die. Of this satanic trinity: property taxation is the worst because it is the food on which the other two devils thrive; though there is a sense in which they draw strength from each other and eat the same plate. To hell with such triplets!

I wish I knew the author of the following verse. He preaches my economic gospel better than I can myself and I hope that the printing press, the great iron preacher of this age, will broadcast this message all over the earth. I added myself the last 14 lines.

Taxation

Tax the people, tax with care,
To help the multimillionaire.
Tax the farmer, tax his fowl,
Tax the dog and tax his howl,
Tax the hen and tax her egg,
And let the bloomin' mudsil beg.
Tax the pig and tax his squeal,
Tax his boots run down at the heel,
Tax his horse and tax his lands,
Tax the blisters on his hands,
Tax his plow and tax his clothes,
Tax the rat that wines his nose;
Tax his house and tax his bed,
The bald spot on his head,
Tax his "Henry," tax his gas,
Tax the road where he may pass,
And make him travel on the grass,
Tax his cow and tax his calf,
Tax him, he declare to laugh.
He is but a common man, so
Tax his labor, but be discreet,
Tax him for walking on the street,
Tax his head and tax his meat,
Tax his shoes clear off his feet,
Tax his pay-roll, tax the sale,
Tax all his hard-earned paper kafe,
Tax his pipe and tax his smoke,
Teach him government is no joke,
Tax their coffins, tax their shrouds,
Tax their souls beyond the clouds,
Tax all business, tax the shops,
Tax their income, tax their stocks;
Tax the living, tax the dead,
Tax the unborn before they are fed,
Tax the water, tax the air,
Tax the sunlight, if you dare,
Tax them all and tax them well,
Tax them to the very gates of hell!
Then watch the cash gravitate,
By the iron hand of fate,
In terms of millions snug and neat,
To storage vaults on Wall Street,
But close your eyes so you can't see,
The coupon clipper go tax free.
Ho! for money, ho! for cash,
Give the bonds a final slash,
Be done with economic quacks,
And pay the bonds with good greenbacks.

For the volume of money fixes the price,
And kills the debts sleek and nice;
Proclaim the news from sea to sea;
That plenty of cash makes farmers free.

Editor's Note

After reading this second article by Ira D. Kneeland on the socialization of money, we find there is very little if any disagreement between this writer and the Appeal. Mr. Kneeland is probably right in his contention that the best and quickest way to Socialism is to socialize money first.

Says Money Should Be Socialized First

Ira D. Kneeland
(Prather, California)

I see I shall have to explain myself further.

Your heading "Money Reform Versus Fundamental Socialism" is misleading. It gives the impression that I am advocating Money Reform in lieu of Fundamental Socialism, which is incorrect for I am flatfooted in favor of the Fundamental Socialism, and I am just telling you that the very first step necessary to take is to nationalize the money system.

Here!—A hot ad iron has fallen off the ironing table and is scorching the carpet. Several people are debating how to pick it up. Seeing their dilemma I advise to grab it by the handle to which they reply "Why grab the handle? It is not scorching the carpet, and if we pick it up and leave the rest of it there the scorching will continue. No, what we want to raise the hot part, but it will burn us if we touch it." Now wouldn't you laugh?

Well, the money system is the handle to Fundamental Socialism and is the most proper part to grab for.

Why Not Take Over The Whole Works?

By D. M. Robertson

(Bemidji, Minnesota)

Talley Hartwick in his "million, billion, trillion" etc., article gave but a small part of the century story of the cent loaned by Christ at his birth, semimonthly compounded from 1900 to 1930. This article, published either in a radical paper called the Masses or Next Step, and if I remember right in both about twenty years ago, continued where Talley left off, saying that the dollar was only a small yard stick to express the idea. So the author stated that by the year 1860 we take as a yard stick a solid ball of gold the size of the earth and that by 1900 the interest on the cent were so great that if we placed units of gold earths one touching the other in an ellipse such as the earth makes around the sun every year it would take string of earth sized beads so long that following the earth's orbit around the sun it would make about three and a half circles.

The awakening is taking place now for the first time among conservative big business circles and among the conservative trade unions. Undeniable facts are at last having telling effect. Truths about overproduction, relative to our present underconsumption, which has been stated by Socialists for more than a generation, and for which the Socialists were ridiculed, are now admitted by Wall Street and by American Federation of Labor officials. Big business is proposing increasing trust control of production so as to keep production down to the present low purchasing power of the wage workers and farmers. Conservative organized labor is pointing out, with truth, that this cannot be done without causing a distressing and dangerous amount of unemployment. The birth of this issue in these two camps is of greatest significance. They are now discussing the fundamental defect of capitalism. It is a defect that cannot be remedied under capitalism. The only remedy is the whole product of the product on his hands—the worker cannot buy more than 17 percent of the product he makes. That leaves about 83 percent on the masters end in rent, interest and profit. This master is much in the minority so cannot well use his personal defect more than 17 percent. That leaves the master about 65 percent of the product on his hands as the worker cannot buy more than 17 percent of the product he makes. The master owns the industries. He hires the worker. The worker works at the industries. He produces the commodity. The master owning the industry takes the total product. He pays as compensation to the worker in money sufficient to buy back about 17 percent of the production of the worker. That leaves about 83 percent on the masters end in rent, interest and profit. This master is much in the minority so cannot well use his personal defect more than 17 percent. That leaves the master about 65 percent of the product on his hands as the worker cannot buy more than 17 percent of the product he makes.

Well, could not, and it is not I who am advocating any such plan, what I said was that the government should give business, buy raw material and manufacture the necessities of life, and when I said all I meant it all in number, but not necessarily all in quantity for if any private producer can produce is good an article as the Commonwealth is producing, all the 65 percent will be given to him as a 40 percent surplus. This 40 percent surplus is created all the trouble for us because the continuation of capitalist production is dependent on getting rid of the 40 percent surplus. The master has in every way sought to overcome this trouble but has distinctly failed. In his need for competition he has sought foreign markets for the 40 percent but his competitor in the foreign market has also established such industries in the foreign market so soon the master of the foreign market has had a big surplus on his hands. The master cannot go on manufacturing unless he can sell.

Each nation has a surplus. The field of competition is so great that it practically covers all the industries in all foreign countries. This was the cause of the World War of 1914 and will be the cause of the next war.

Master class private ownership of the natural resources and instruments of production, distribution and communication represents a considerable share of our debts and liabilities. Would that I could give figures but I have forgotten.

Our fathers mortgaged our inheritance and we are sorely trying to mortgage the inheritance of our children. How can we mortgage that which we have not? How long can the owners take mortgages which they cannot pay and which all know cannot be paid except by bankruptcy?

The question then is will we, like the races preceding, assist in our own destruction or will we take over the instruments of production, distribution and communication and produce for ourselves—not for a small part—not for interest—not for rent—not for profit—not for power, but for bread and butter, for shelter, clothing, warmth and for the comfort of mankind. Then if we have a surplus we may rest instead of looking for a job or carrying on a war to get rid of it. The various ardent political reformers, religious reformers, moralists, socialized statism will see that what concerns us most at this time is food, clothing and shelter and material happiness and if then there be still iniquities or injustices and if mankind does not then live according to the laws of the supposed Great Teacher of Nazareth, we may again reorganize spiritually.

Now my way, socialize the currency first, build the Boulder dam with it, make it a legal tender and receivable for any debt or due to the government. Do the same with any and all projects as fast as we can get to them. Pay all existing bond issues as fast as they become due (in gold if gold is already specified), but issue no more bonds for any purpose whatever. Then in course of time we will own everything as in the first instance, public utilities, basic industries, machinery of production and distribution of all necessities of life.

The Cooperative Commonwealth will be in full swing and owing not a dollar.

By this method we may realize our hopes within a reasonable length of time. By the other it may be doubted if we ever do, as during all the years in which we would be acquiring the industries and laying those bonds, the bondholders would be plotting our downfall.

The feeble minded and epileptic in the United States public institutions increased from 47 per 100,000 to 54.7 per 100,000 from 1923 to 1927, according to the U. S. Bureau of Census, Department of Commerce. This increase in four years is disquieting. The increasing struggle for existence and the increasingly corrupt and bad conditions that surround this struggle in America are responsible for the fundamental breakdown of the victims. Growing feeble mindedness is an indictment against the present system at least as damning as growing crime and growing suicide.

to have paid \$32,300,000 less for their bureau to collect for service at the rates of the private companies in San Francisco, "the surplus of the bureau in excess of operation and maintenance, depreciating interest on bonds, and a deduction for the amount of taxes which a private corporation would pay, would equal \$3,200,000.

In other words, if the power bureau

operated under the conditions of a private corporation in the sense of paying taxes, and charged rates equal to costs including depreciation, interest and taxes, as well as operating expenses, consumers would save \$3,200,000.

This refers to the consumers of the power bureau alone. The consumers of the Los Angeles Gas and Electric Corporation are saving in a corresponding amount because of the necessity of meeting the municipal rates.

"As compared with the average

of large Eastern cities, the con-

sumers of the power bureau alone

would save between five and six

million dollars per annum on the as-

sumption of the power bureau's pay-

ing taxes along with the other

charges." (National Municipal Review, October, 1926, Italics ours.)

OPERATION. PROSPERITY WOULD BE SHORT LIVED.

It will be noticed that this financial authority recommends employers stage lockout—that greater evils may not result. The Wall Street Journal thus acknowledges that no basic industry dare operate full time. This was two years ago, when business was considered at its after-the-war peak, and at the same time that the anthracite miners' strike, referred to above, was on.

IF ALL THESE INDUSTRIES PERMITTED CAPACITY

Capitalist Writer Sees End of System

(The following article appeared in a recent